

The Honorable Karen A. Overstreet  
Chapter 11  
Hearing Date: January 10, 2014  
Hearing Time: 10:30 a.m.  
Response Date: January 8, 2014

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re:

CLI HOLDINGS, INC. dba ALYDIAN,  
  
Debtor.

Case No. 13-19746-KAO

COINLAB, INC.'S RESPONSE TO  
DEBTOR'S MOTION FOR ORDER  
APPROVING NOTICE OF SALE,  
BIDDING PROCEDURES ORDER, AND  
SETTING HEARING ON SALE OF  
ASSETS AND GRANTING OTHER  
RELIEF

COINLAB, INC. ("CoinLab"), a creditor in this case, files its response to the Debtor's Motion For Order Approving Notice Of Sale, Bidding Procedures Order, And Setting Hearing On Sale Of Assets And Granting Other Relief, as follows.

CoinLab is an unsecured creditor in this case [DN 11, Schedule F], and the majority equity owner of the Debtor [DN 11, SOFA No. 21b].

As established in the Declaration of Peter Vessenes [DN 67-2, ¶¶ 14 - 20], the Debtor filed its bankruptcy case when it became clear that its liabilities exceeded its earnings, to ensure fair treatment for its creditors. The dynamic pricing of mining rigs, which appears to be trending downward, makes an immediate asset sale under Bankruptcy Code § 363 - rather than a sale

COINLAB, INC.'S RESPONSE TO DEBTOR'S MOTION  
RE: SALE, BIDDING PROCEDURES ORDER - 1

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1 through a plan - the best way to maximize value for the benefit of the estate and creditors, and  
2 for the Debtor to fulfill its fiduciary obligations. *See* Amended Declaration of Peter Vessenes.  
3 [DN 69, ¶ 3 - 6].

4 These factors establish a business justification for the transaction and a need for speed for  
5 the sale. The case has been pending since November 1, 2013, and is sufficiently mature to assure  
6 due process. The proceeds from the sale can be distributed pursuant to a plan, which will be  
7 subject to the requirements of the Bankruptcy Code.

8 For these reasons, CoinLab supports the Motion, and requests that the Court enter an  
9 order substantially in the form proposed by the Debtor granting the relief requested.

10 DATED this 8th day of January, 2014.

11 FOSTER PEPPER PLLC

12  
13 /s/ Jane Pearson  
14 Jane Pearson, WSBA #12785  
15 Attorneys for CoinLab, Inc.  
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